

Middle East Environmental Business Mission

Trip Report

EXECUTIVE SUMMARY

March 12, 1999

Overview

The Environmental Technology Export Program (ETEP) of the California Trade & Commerce Agency organized and led a 10-day business mission to the Middle East that featured 14 California environmental technology companies. The recruitment for this mission resulted in a delegation of companies that deal with a wide variety of environmental technologies. The mission delegation represented innovative cutting edge technology and services of nearly every sector of the environmental industry.

The US Department of Commerce Foreign Commercial Service stated that this business mission has the greatest potential for sales of any environmental trade mission it has been involved in due to the caliber of the companies, the number of one on one meetings, and high level of government and private sector involvement. Companies stated this mission was the best organized, with the best matchmaking and potentially the most profitable trade mission they have experienced. Immediate results are sales in excess of \$750,000, contracts in negotiation exceeding \$50 million, and future sales are expected to exceed \$75 million. The results of the mission will be discussed by USDOC Secretary Daley at the Gore/Mubarak Initiatives, Third Recommendation meeting in Washington DC the week of May 7-11.

Tim Ogburn, Manager of the Environmental Technology Export Program, and his assistant, Eric Foster organized and led the mission which took place February 23 through March 4, 1999. The mission was certified by the United States Department of Commerce (USDOC), which also assisted by identifying two participating companies. The mission elected to hire the US Department of Commerce Foreign Commercial Service in Egypt and Israel to be the principal in-country organizers of the trade mission. Other organizers who coordinated their efforts with these two groups include the Israeli Ministry of Foreign Affairs, the Ministries of Environment of Egypt and Israel, the Israeli Export Institute, the US Embassy Economics Department

in Amman, Jordan, as well as the foreign trade office of the California Trade & Commerce Agency in Israel.

The nations of Egypt, Israel, and Jordan and the Palestinian territories were specifically selected as destinations for the Middle East Environmental Business Mission for several reasons. Primarily, under the auspices of the Middle East Peace Process, there are many multilateral environmental funded and fundable projects in the region. Nearly every participating company was represented by their President, CEO, and/or Vice President.

The mission was unique not only because it involved high level government, private industry, and NGO officials; it fostered multilateral cooperation between Egypt, Israel, Jordan, and the Palestinian Authority at these high levels. The backbone of the mission was the over 600 one-on-one meetings that brought California participants face-to-face with project managers, buyers, distributors, and potential joint venture partners. Each company had between 40 and 60 such meetings with screened, pre-qualified potential buyers of California environmental technology. This mission also involved the active participation of and its four receptions sponsored by such highly regarded groups and individuals as the US Ambassadors in the region, the Director Generals of the Ministries of Foreign Affairs and Environment of Israel, the Egyptian Minister of Environment, The Israeli Water Commissioner, the Peres Center for Peace, as well as the Consul Generals of Egypt and Israel in San Francisco. Other key organizations participating in the mission include US Department of Commerce (USDOC), the US Agency for International Development (USAID), Palestinian Water Authority, the Export-Import Bank, and various other government ministries and NGO's relevant to the environmental industry in the Middle East.

Accomplishments/probable results

The one-on-one meeting format put California environmental company executives face-to-face with high level government and private industry potential buyers, joint-venture partners, distributors, and project managers. It is expected that California environmental firms will negotiate contracts with project managers, establish joint-venture partnerships, and make licensing and distribution agreements worth at least \$75 million within the first two years after the mission is completed.

The following are sales and the strongest immediate potential sales resulting from the one-on-one meetings that took place during the mission:

- ▶ One sale for \$500,000 of PZ for roads in Egypt;
- ▶ Finalizing on negotiations for sales of antiquities and buildings restoration technology, valued at approximately \$300,000 in Egypt;
- ▶ Several distributor agreements were signed and will likely generate between \$30,000 and \$80,000 in annual sales in the region;

► One company has met buyers for its products in Israel. In reference to the company's product, the Peres Center for Peace said it was the most fundamental tool in moving the peace process forward. The NGO added that it may be one of the keys to averting a possible war in the region when the fresh water supply is predicted to fall dangerously far below demand around the year 2010;

► Negotiations between the same company and the Egyptian government on opening a nation-wide string of factories will be underway for six months following a planned trip next month by the Minister of Environment to the one currently operating factory and 2 million-tree plantation situated in a new city outside of Cairo.

► One company returned to Egypt for two weeks following the Israeli leg of the mission to conduct follow-up and negotiations. Their top negotiations include:

- MSW contract valued at \$20 million with a \$50 million/year company;
- Distributor agreement with the same large Egyptian firm to sell water treatment systems and tire recycling technology;
- Negotiations will be finalized this week on either a joint-venture partnership or a contract of sales involving waste-to-energy technology and equipment worth approximately \$60,000;
- The firm selected and is finalizing an agreement for its in-country partner in Israel, which it met at the one-on-one meetings;
- An alliance agreement was formed with the Mubarak City of Research & Development, a non-profit organization, to conduct joint biotechnology research in Egypt;
- One mission meeting led to a move to join forces with investors of various Egyptian municipalities to put together proposals to the governors of Cairo, Alexandria, Port Said, Giza, and El Niniah to have the rights to collect and process MSW in the respective municipalities;

► Tank cleaning & oil separation contract for an estimated \$60 million over 15 years - to be finalized in May as the company will return to follow-up on this and other potential sales and mission contacts;

► The same company, over the coming two to six months, will also be negotiating on:

- Eight strong potential sales for municipal and industrial wastewater treatment plants in Egypt and Israel, each worth an average of approximately \$500,000;
- \$3 million environmental impact assessment for Cairo;
- Environmental management system for one of the largest construction companies in the Middle East, valued at approximately \$3 million;
- Construction of a liquified natural gas facility worth approximately \$6 million;
- \$5 million remediation contract for urban Egypt;

► One company, over the next six months, is negotiating three promising potential contracts for environmental clean-up to be signed for a value of \$6 - \$9 million in Egypt and Israel;

► Another participant is negotiating over a partnership worth \$1 million in sales over the next 5 years.

High Level Involvement

Organizations and individuals who played a role in the mission are top level managers and decision makers representing projects sponsored or directed primarily by the USAID, national and municipal governments, and private industry. Specific high level involvement included:

► Minister of the Environment of Egypt Ms. Nadia Makram Ebeid - Assisted in identifying government and industrial project managers and decision makers to match with California participants, hosted dinner reception, spoke to participants at the US Ambassador's Reception

► US Ambassador to Egypt Mr. Daniel C. Kurtzer - Hosted reception, spoke to participants

► US Deputy Chief of Mission to Israel Mr. Richard Roth - Hosted reception at US Ambassador's Residence, spoke to and with participants at reception and mission briefing

► US Deputy Chief of Mission to Jordan Ms. Janet Sanderson - Spoke to participants during mission briefing

► Consul General of Egypt to Western States Ms. Hagar Islambouly - Coordinated matchmaking efforts for California companies in Egypt through her Egyptian government contacts, including Minister Ebeid

► The Israeli Ministry of Foreign Affairs, Ministry of Environment and the Israel Export Institute - Assisted in identifying government and industrial project managers and decision makers to match with California participants, conducted a briefing, hosted a dinner reception, and arranged environmental site visits for several California companies to various locations in Israel

► Director General of the Ministry of Environment Mr. Roni Komar - Spoke the mission delegation on environmental opportunities in Israel

► Consul of Israel to the Pacific Northwest Region Mr. Eran Etzion - Coordinated matchmaking efforts for California companies in Israel through his Israeli government contacts and assisted in the identification of projects and opportunities for California companies in Israel and the region

- ▶ The Governor of Cairo Dr. Abdel Reheem Shehata - Addressed and met with participating companies regarding opportunities in Cairo at reception
- ▶ The Palestinian Water Authority (PWA) - Represented government procurement and regional multilateral projects, hosted a luncheon seminar that featured the West Bank/Gaza project directors of the PWA, World Bank, and United Nations Development Program
- ▶ The United Nations Development Program (UNDP), World Bank - Discussed some of the projects they sponsor for which California companies may bid or subcontract to in the West Bank/Gaza
- ▶ The Jordanian Ministry of Water and Irrigation - Represented government procurement and regional multilateral projects, met with several mission delegates
- ▶ Israeli Water Commissioner Mr. Meir Ben-Meir - A prominent and influential civilian in Israel spoke to the delegation at the reception and met with several California participants one-on-one.

Highlights

Cairo, Egypt, February 23 - 25, attended by 14 California companies:

- ▶ Briefings and presentations by USDOC, USAID, Egyptian Ministry of Environment, Egyptian Environmental Affairs Agency (EEAA), and the American Chamber of Commerce;
- ▶ Over 400 one-on-one meetings between the mission participants (14 California companies and 4 non-California US companies) and government and private sector buyers, distributors, potential joint-venture partners, and project managers in the environmental industry;
- ▶ Reception hosted by US Ambassador to Egypt Daniel Kurtzer. Those who joined the mission delegation and the Ambassador include the Egyptian Minister of Environment Nadia Ebeid, the Governor of Cairo Abdel Reheem Shehata, the chairman of the \$11 billion Arab Organization for Industrialization, and approximately 150 high-level government officials and private sector executives;
- ▶ Dinner reception hosted by Minister Ebeid. Approximately 80 high level government officials and private sector executives joined the mission delegation. California Program Manager Tim Ogburn sat with Minister Ebeid, the USAID Director, and the Foreign Commercial Officer of the USDOC Egypt to discuss the mission and related environmental issues in Egypt;
- ▶ Press conference immediately following the final session of one-on-one meetings. Five Egyptian newspaper and television reporters attended the conference to learn more about how the mission in Cairo fared, discuss what kinds of problems each

participating company is attempting to solve, and to set up individual interviews of companies of their choosing;

- ▶ Approximately \$850 million in USAID funds are being spent on projects in Egypt over the next three years;

- ▶ California companies Environ and Tetra Tech were interviewed together on the national Egyptian television show “Egypt Today” for 15 minutes to discuss the condition of the environment in Egypt, the environmental trade mission that brought them to Cairo, and what solutions and advice their companies had to offer toward improving the problems that plague the environment of Egyptian.

Tel Aviv, Israel, February 28 - March 2, attended by 11 California companies:

- ▶ Briefings by the USDOC and DCM Richard Roth, USAID, and the Peres Center for Peace;

- ▶ Presentations by Government of Israel officials on the Environmental Sector in Israel;

- ▶ Dinner hosted by Ministry of Foreign Affairs and the Israel Export Institute, featuring Water Commissioner Meir Ben-Meir, Mr Yair Ofek of the Israel Export Institute, and Ministry of Environment Director General Mr. Roni Komar - Over 50 people in total attendance;

- ▶ Nearly 150 one-on-one meetings for the 11 participating California companies with high level government and private sector buyers, distributors, joint-venture partners, and project managers in the environmental industry;

- ▶ Reception at US Ambassador’s Residence hosted by Deputy Chief of Mission Richard Roth. Those who joined the mission delegation and DCM Richard Roth include high-level representatives of the Israeli Ministry of Foreign Affairs, Environment, and approximately 60 high-level government officials and private sector executives.

Bethlehem, West Bank, March 3, attended by 10 California companies:

- ▶ Briefing by USAID West Bank/Gaza contractors Metcalf & Eddy and CDM/Morganti;

- ▶ Approximately \$300 million in USAID funds are being spent on projects in the West Bank and Gaza over the next three years;

- ▶ Luncheon Seminar on Environmental Plans and Projects in the West Bank/Gaza hosted by the Palestinian Water Authority (PWA). Featured speakers from the PWA,

the World Bank, and the United Nations Development Programs on each organization's projects and project opportunities, as well as 30 prominent Palestinian environmental firms. Palestinian television taped the seminar.

Amman, Jordan, March 4, attended by 6 California companies:

- ▶ Briefings by DCM Janet Sanderson, US Embassy Economics Department, the Jordanian Investment Promotion Corporation (IPC), the USAID, and the Jordan-US Business Partnership;
- ▶ Live interview of Tim Ogburn and two mission participants for Jordanian radio;
- ▶ Nearly 50 one-on-one meetings between the participants and local high level government and private sector buyers, distributors, joint-venture partners, and project managers in the environmental industry;
- ▶ Approximately \$450 million in USAID funds are being spent on projects in Jordan over the next three years.

Overall:

- ▶ 600 one-on-one meetings
- ▶ Over \$1.5 billion in USAID funds for the region over the next 3 years are being awarded to US companies for contracts that benefit the environments of Egypt, West Bank/Gaza, and Jordan
- ▶ Newspaper coverage took place at all mission destinations
- ▶ Television and radio media covered most of the mission destinations

Conclusion

Because the environmental industry is a relationship market, the California participants will greatly benefit from the networking and contacts developed with high level government and industry officials in the region during the mission. The introduction of California environmental technologies to the Middle East will pave the road for California companies in engaging future opportunities as well.

The nations and territories visited by the mission delegation will subsequently experience cleaner potable water, improved water use efficiency, improved recycling and composting methods and programs, the prevention and remediation of soil contamination, better management of sewage and municipal solid waste, a reduction in urban and rural air pollution, and an economic boost in terms of jobs created and revenue generated through joint ventures with California companies.

From this mission, several trade leads were gathered for very specialized and specific California technologies not represented among the mission delegation. For example, Tim Ogburn made contact for several aquaculture leads and Eric Foster made contact with a well-established distributor of gas analyzers for diesel and petrol in Egypt. There are several small California companies that could greatly benefit in terms of production, sales, and revenue from this information gathered while in the Middle East.

Finally, one of the largest potential long-term accomplishments of the mission is that its efforts dovetailed with those of the Middle East Peace Process. Several companies are getting involved in multi-regional environmental projects, requiring the cooperation between the peoples and governments of Israel, Jordan, the West Bank and Gaza. Important relationships, improved standards of living, and trust will stem out of working together for a better environment, thus complementing the process of stabilizing the region.